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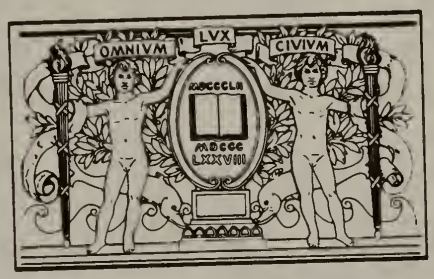

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TOWARD A HOUSING POLICY AND PROGRAM FOR THE CITY OF BOSTON

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I. SUMMARY OF FINDINGS: POLICY AND PROGRAM RECOMMENDATIONS

The Setting

The housing environment in Boston has undergone significant changes over the last several decades. Newly emerging factors of strength suggest a potential for substantial gains in housing fix-up and new housing, over the next ten years, but new problems have also arisen, adding complexity to policy and program formulation.

On the one hand, major shifts in population, employment and income in Boston, as well as shifts in life styles, have altered the composition and thus the needs of the City's housing consumers. The loss of manufacturing jobs in the 1950's has been offset by the services revolution which has brought a large flow of upgraded jobs to Boston. The population loss of the 1950's, a part of the nationwide exodus of middle income families to the suburbs, was retarded in the 1960's, and now has reversed itself. In the first several years of the seventies the population of the City has increased, with much of the increase coming from the 25-34 year old age group, many of whom are young professionals who work in the City, but are also interested in

the life style and amenities of City living. A new middle class is being created, giving rise to a growing demand for new and upgraded housing, after years of polarization of population in the City, as a haven for the young, the old and the poor. In the process, Boston's housing stock is being upgraded through new construction and renovation of housing, and demolition of obsolescent dwellings. A broadly expanding level of City expenditures for public facilities and capital improvements in all of Boston's neighborhoods is encouraging this process. And a large and growing volume of private investment is enhancing the prospects of the City as a place to work and to live.

On the other hand, although household incomes in Boston rose by almost one-fourth during the decade of the sixties, 17 percent of Boston's households report incomes which fall below the poverty level, and the income discrepancy between Boston and her neighbors in the Metropolitan Area has continued to grow. There have been changes, also, in the ability of the City to cope with the diverse housing needs presented by its population. Escalating costs of

construction and maintenance, racial change, high interest rates, and the difficulty in obtaining mortgage and home improvement money threaten the City's aging housing stock in some areas. In addition, new housing plans have been slowed in several areas of the City and there are forces which are hostile to new developments as demonstrated by community opposition, resistance to high-rise development, and requirements for environmental protection. Problems of energy production bring added uncertainties to the housing and development picture, although it is possible that energy shortages will make living closer to work more desirable, thus leading to a generally positive impact on central city housing.

Compounding the impact of such changes is the current unpredictability of the federal government in the area of housing. The federal moratorium on many housing-related programs, now a year old and only minimally eased, has left Boston without its traditional system of "remedies" -- federally assisted code enforcement and renovation, and subsidized and public housing construction and rehabilitation.

HUD's current emphasis on experimentation in new housing strategies such as the housing allowance, and the slowdown in legislative action on the Community Development Revenue Sharing and block grant proposals, have limited the tools available to the City in planning for its future.

The Need for a Coordinated Housing Policy and Program

Nevertheless, the reevaluation on the federal level has positive dimensions. It is not sufficient to call for renewed allocations of the programs of the past, many of which deserve serious rethinking. Rather, the time is ripe for a comprehensive review by the City of Boston of its housing needs, programs and priorities. Response to changes in the housing market in the past have generally been met in a piecemeal fashion, and various actors pull in competing directions. It is unrealistic to think that this will change entirely. Still, there is a need for a coordinated policy and program which will provide a framework for action; which puts the classic tools and strategies to work for new goals; and which develops new tools, in conformity with both an understanding of what is, and a consensus of what ought

to be. The key lies in formulating and implementing these strategies which complement and leverage the private market -- encouraging owners, developers, tenants and lenders to do their part in maintaining and improving Boston's existing housing, replacing obsolescent dwellings, and building for new needs and demand.

In formulating a coordinated housing program, though, formidable constraints persist. First, the City is only one of many actors who influence housing in the City. Local public efforts must be complemented by the operations of the private sector and federal and state resources. Second, a number of basic dilemmas or conflicts exist. One is the conflict between the good of the whole and the good of its parts: tax policy to favor one group must thereby increase the tax burden on other groups. A second constraint is the conflict between what is economically beneficial and what is politically feasible: rent control, though popular and needed in certain areas of the City, may well decrease the economic feasibility of housing stock upkeep. A third constraint is simply that of limited resources.

Given such conflicts, there is no one correct solution to housing problems. This report must be viewed, then, not as a fait accompli or a statement of final recommendations, but as a first step in a process of housing policy and program formulation -- a process in which proposals are evaluated and modified by all potential actors, and tailored to the specific needs of different neighborhoods.

Outline of the Report

Within the next several months, a comprehensive planning report, Toward a Housing Policy and Program for the City of Boston, will be available. This paper summarizes that document.

The report contains seven sections, each dealing with a different aspect of Boston's housing. It begins with a background chapter, briefly sketching historic trends and the current state of Boston's economy, population and housing stock. The second chapter is addressed to the problems of the existing housing supply. The next three deal with three segments of housing demand -- the low and moderate income population, the elderly, and the middle and upper income market, particularly in the Downtown. The sixth

chapter discusses new development in the City, and the final chapter summarizes the various housing strategies along organizational and program lines.

There are numerous areas of overlap in these chapters. Certainly, the housing problems of the low and moderate income population and the elderly are directly attributable to problems of the existing housing stock, and vice versa. There are also areas of omission, as the demand sectors discussed are not all-inclusive. For instance, the particular housing problems of the student population have only been mentioned briefly. Because the life style of the student is voluntarily chosen and of limited duration, we have not considered housing for students as high priority, except insofar as it is discussed in the chapter on existing housing.

The demand sectors for which policy and programs are being shaped, represent particular problems and opportunities for Boston. The needs of the low and moderate income population become more severe with inflation in housing costs, and considerably impact the general health of Boston's neighborhoods. The elderly, who are by and large a subgroup of the low and moderate income population, have physical and

psychological needs which set them apart, and are a less controversial group which has achieved high priority in national and state housing programs. The middle and upper income group are seen as a potentially positive force for revitalization, especially for the City's core area.

Highlights of the Housing Program

Before summarizing the factual background and recommendations contained in each of these chapters, it is worthwhile to highlight, at a general level, the overall housing programs and priorities that have emerged. Such highlights provide a useful overview for many of the recommendations of the report, but a slight word of caution may be in order. Since a complete explanation and justification for the programs outlined will not be found until later in the report, the reader should realize that questions may arise that will not be answered at this point.

One of the first priorities in Boston's Housing Program is the upgrading of the existing housing stock in the City.

The picture of much of Boston's housing that emerges from the 1970 U.S. Census is primarily one of relatively small, aging structures. In 1970, there were 232,228

housing units in 81,293 structures. Buildings with four or fewer units comprised 90 percent of all residential structures, and contained 60 percent of all units. Seventy-seven percent of the City's housing units were more than 30 years old in 1970, and a good portion of these were probably built before the turn of the century.

As a field survey made in 1973 indicates, though, most of Boston's housing stock is in good condition. One-third meets code standards as is, and another 40 percent is basically in good condition requiring only modest fix-up to be brought up to a "good as is" condition. However, one fourth of the stock does require considerable fix-up, with an additional 4 percent requiring gut rehabilitation and 1 percent which should be demolished.

The market strength for housing in many parts of the City is still strong, and it is estimated that almost 80 percent of the housing stock has the potential of being upgraded on private initiative, with public actions being used as a lever to help stimulate private investment.

The upgrading of the additional twenty percent of the housing stock will require additional government subsidies. Even assuming these subsidies and the additional costs of public programs, though, the present total public and private cost of upgrading all of the City's housing stock is not outrageous -- the median is well under $800 per unit, and even the average is only $1,250 per unit. Assuming rent increases went towards fix-up, increases averaging no more than $10 to $20 per month per unit would cover the costs of code compliance in over 90 percent of the stock.

In summary then, while 70 percent of the City's housing stock is basically in decent condition, signs of neglect show. At this point, a program of fix-up is a realizable goal in much of the City, but it is imperative to intervene early before fix-up costs get out of hand and confidence in the neighborhoods wanes. It is likely that once accelerating deterioration sets in only massive infusion of public funds can stem the tide. It is therefore one of the highest priorities of the housing program for Boston to focus on the

upgrading and fix-up of the existing housing in the City. (In addition, although during the past decade Boston has focused on new construction in deteriorated areas to meet the housing needs of many of its low and moderate income residents, the costs per unit in doing so are extremely high, and only a comparatively few people are aided. New construction in any given year or decade comprises only a small part of the overall housing in the City, and if the needs of low and moderate income people, the elderly or even those of higher incomes are to be met, a major effort should revolve around the existing housing in the City.)

A series of specific program recommendations concerning the existing housing in the City have been outlined and some have already been implemented. However, it should be realized that they will work best as a part of an overall strategy of neighborhood revitalization. Further, in some areas of the City they are necessary steps, but in and of themselves will not be sufficient to arrest deterioration. The problem is much broader than housing, and a program is needed which focuses on jobs, income, manpower training and education as well.

Later in this chapter (and in greater detail in Chapter III) a specific set of programs will be outlined to encourage the upgrading of the housing in the City.

They include strategies to insure credit availability, code enforcement, technical rehabilitation assistance, realization of the need for landlord-tenant cooperation, and other city and state programs. In applying these, though, it must be remembered that they do not provide a panacea for all areas of the City. General programs must be tailored to fit individual neighborhoods. They comprise necessary ingredients, but where housing condition is poor and incomes are low, they will not be enough by themselves. Additional and extensive federal or state subsidies may be required, and in many cases housing is not the most serious community problem, but the problem is really more a matter of income, jobs and education. The policies proposed here are basically those which require a "shallow" subsidy and are based upon the assumption that when it comes to upgrading much of the City's housing stock, public funds should be used where they best leverage private funds. This can occur most effectively by first improving marginal areas and then working inward

towards the more seriously deteriorated neighborhoods, rather than trying to totally reconstruct limited inner city areas with massive commitment of public funds.

With this in mind, a set of premises have been developed which provide useful guidelines in applying housing strategies outlined in this report to a more general program of neighborhood revitalization:

- Show public commitment to restore private faith and to catch decline as early as possible, spending dollars where public funds can leverage private investment.
- Stimulate and require repairs from rising markets through a combination of enforcement and incentive.
- Reweave residential fabric from strong points in the inner city.
- Improve the image of basic neighborhood focal points (utilizing public improvements, street and lighting improvements, commercial center upgrading, etc.)

New Construction is an Important Part of Boston's Housing Program for the Seventies.

During the decades of the sixties, 20,000 units of new housing were built. Specific 10-year targets for new housing have been established, based on the dimensions of the need or problem and the potential demand. However, it is important for the city to be discerning concerning new development in the future, and programs should be based on both an evaluation of the need and potential, as well as a consideration of desirable goals for growth.

Analysis of recent and projected patterns of population growth and housing demand indicate that most of the new construction of middle and upper income dwellings in the City will take place in the Downtown Core, and that such development should be encouraged. In fact, there is a potential demand for as many as 12,000-25,000 units of new housing in the Downtown, and a target for production at that level is appropriate. Further, our survey of developers' plans shows that more than 15,000 dwelling units are being planned, proposed or are in tentative stages of consideration in the Downtown. Based on criteria of design, desirable density, environmental and neighborhood influences, land use, and historic considerations, a distinction has been made in the downtown between those

areas where growth is appropriate and those areas where conservation and preservation are of prime significance. City core development should proceed within that context.

For other neighborhoods, outside of the Downtown Core, there is a demand potential for 7,000-10,000 dwelling units for middle and upper income families. Some 7,000 units are currently planned or proposed by developers.

Regarding low and moderate income housing, the first step is the honest realization that the problems of housing the poor are extremely complex. Some programs of the past have shown only modest success. Although difficult to admit, it appears that assuring decent housing for all of Boston's households is not always possible in light of the extent of the need, our high quality standards, the inadequacies of the current modes of responding to this need, and the low ranking of housing among national priorities. The question then, is what should be done, realizing that what we can do will probably not, in and of itself, be enough.

The greatest promise lies in programs utilizing existing housing, and these will be outlined in greater detail later in the report.

Regarding new construction for low and moderate income housing, it is recommended that the City's effort be channeled towards three purposes in the future:

(1) Production of public and subsidized housing for the elderly, with a target of approximately 10,000 units over the next ten years;

(2) Production of housing to achieve income mixing, particularly through the Massachusetts Housing Finance Agency (MHFA); and

(3) Production to replace demolished housing and as a part of an overall strategy of neighborhood revitalization. Targets for the next decade for new construction for income mixing and neighborhood revitalization have been set at 6,000 new units of low and moderate income housing, (2,000 low income units and 4,000 units for moderate income). (Actually, using the MHFA formula this target would suggest 8,000 new units, but the additional 2,000 would be middle or upper income units.) These targets would be less than that required for replacement of demolished housing, estimated at approximately 2,000 dwellings per year.

In summary, then, new construction is still very much a part of the City's housing program. The focus, however, goes beyond a call for new production. An attempt has been made to learn from the problems of the past, and,

as with programs concerning the existing stock, it is important to view new development not simply as a means of building more housing, per se, but as a part of an overall city planning strategy, whether it be in the Downtown or in the neighborhoods.

Housing for the Elderly

An important part of Boston's housing program is directed for the elderly, because of the special housing needs of this population group, and because the elderly comprise a significant portion of the City's homeowners.

Elderly citizens have special housing needs which should be met, and the quantitative dimensions of the problem are significant. The number of elderly households who could benefit from some type of housing assistance ranges from 13,000 to 37,000. In addition, 35 percent of all one to four unit owner-occupied housing structures in Boston were owned by persons over 62 years of age in 1970. Many of these people are overhoused and their property is underutilized and sometimes undermaintained. It is, therefore, a priority recommendation of this report to improve and add to the available housing in the City for the

elderly, either through new construction or through the existing housing stock. A target of 10,000 units of new construction was mentioned above. More specifically, 8,000 of these are suggested as public housing with 2,000 to be built through subsidized housing programs. The purpose of doing so is twofold: first, to provide better housing for the elderly; and second, to provide new housing additions for the elderly to facilitate the home transfer of those elderly homeowners and apartment dwellers who are interested, thus improving their housing situation while at the same time "freeing up" existing housing stock for other occupants.

Synopsis

Now that overall highlights of the housing program have been outlined, it is appropriate to summarize the background facts and recommendations of the Housing Policy and Program Report. Such a synopsis follows. Before proceeding, though, a brief comment regarding the recommendations and their implementation is in order.

Work towards some of these recommendations is already underway. The recommendations are interdependent. Individual proposals adopted separately may still have

merit, but, out of context, their effectiveness will be limited. The whole of the proposed program is greater than the sum of its parts. Viewed together, the set of recommendations outlined below begin to form the framework for a coherent housing program for Boston.

II. BOSTON IN THE 1970'S: ITS ECONOMY, RESIDENTS AND HOUSING STOCK

A. Background

1. Economic Trends

Boston's decline of the 1950's was characterized by a loss of manufacturing jobs and population, a decreasing tax base and little investment in public facilities. The expansion of Boston's high-grade service-oriented economy in the past decade has meant an increase in jobs which more than offset previous losses (60,000 new jobs since 1963), in new construction and equipment, in the production of goods and services, and in annual public capital outlays. Despite current prospects for a continued expansion of the economy, however, a portion of the City's population has not shared fully in this progress.

2. Trends in Population and Household Characteristics

a. Gross Population Trends

Until only recently, Boston's population had been decreasing from its 1950 peak of over 800,000 residents. Boston's loss of 150,000 persons

occurred within the context of an expanding metropolitan region, and Boston's population of 641,071 in 1970 represented 23 percent of the total population in the Metropolitan Area. Recent information indicates a reversal of this trend, with increases in population occurring in the more centrally located areas of the City.

b. Household Size and Composition

Boston's households have been decreasing in size, with a median of 2.8 persons per household in 1970. Fewer individuals are living in families (which comprise 65 percent of all households), and less than half of all families include minors. More individuals are living alone or with other unrelated persons.

c. Age Composition

During the two decades between 1950 and 1970, the age distribution in Boston shifted from a profile roughly reflecting the national picture, to one which is restricted in the child and childbearing groups and expanded in the young adult (20 to 24 years of age) and elderly groups. Population

increases in the early 1970's have been concentrated in the 25 to 34 year old group.

d. Racial and Ethnic Composition

While the white population decreased by 29 percent between 1950 and 1970, the nonwhite population almost tripled. In 1970 there were 116,334 nonwhites, comprising 18.1 percent of the City's population. This group consists principally of black Americans. With 23 percent of the region's population, Boston in 1970 was housing 82 percent of the area's nonwhite population. The assimilation of so great an increase in black population in so short a period of time was accompanied in some areas of Boston by block-busting, speculation, absentee-ownership and racial conflict.

A noteworthy change in Boston's white ethnic composition during the sixties has been the increase in Spanish Americans, comprising 3 percent of the City's population, in 1970.

e. Household Income

Household incomes have been rising in Boston, by almost one-fourth (measured in dollars of constant value) during the sixties. However, despite these gains, the income discrepancy between Boston and her neighbors which was evident in 1960 has continued to grow. Boston's median income increased by 24 percent, compared to an increase of 39 percent in the Metropolitan Area; and with 32,025 or 17 percent of Boston's households reporting poverty level incomes, Boston houses a disproportionate share of the region's poor. On the other hand, a new middle class is emerging. The number of households with incomes of $10,000 and over, (measured in dollars of constant value), doubled between 1960 and 1970, and are expected to double again by 1980, when they would make up three-fifths of all households in the City. It is this growth in middle class households that is generating broad new levels of demand for new and upgraded housing.

3. The Housing Stock

a. Composition

Boston's housing stock consists primarily of small two and three family units, many of which were built before 1920. In 1970, there were 232,228 units in 81,293 structures. Buildings with four or fewer units comprised 91 percent of all residential structures and contained 61 percent of the city's units, and 77 percent of the city's units were more than 30 years old. The median dwelling size was 5.2 rooms per unit, and despite the underutilization of many larger units by elderly individuals, 7.6 percent of Boston's occupied units were overcrowded in 1970.

b. Recent Changes

Almost 27,000 residential units were lost since 1960, due to demolition activities, primarily in urban renewal areas. More than 20,000 new units were constructed in the sixties, and another 6,000 new units were added during the first three years

of the seventies. In the last three years there was a shift from non-subsidized to subsidized construction as projects planned earlier came into being. There was also a growing tendency towards the concentration of new, privately financed dwelling units in the downtown area.

c. Condition

Most of Boston's stock is in good condition: one-third meets code standards as is and an additional 40 percent can be brought into substantial compliance with only very modest fix-up. However, one fourth of the stock requires considerable fix-up; 4 percent requires gut rehabilitation, and 1 percent should be demolished.

d. Tenure

Although only 27 percent of all housing units were owner-occupied in 1970, approximately 71 percent of all structures had an owner occupant. Decreases in owner-occupancy are occurring in some areas in which a rising market attracts

absentee owners, who are able to outbid families; and in other areas undergoing racial transition where lenders prefer to lend to large-scale investors.

The turnover of resident ownership is especially threatened in several areas in which the proportion of elderly owners is high. The elderly make up one-third of all resident owners in the City.

e. Turnover

Almost one-quarter of all households in Boston lived in their units for less than 15 months at the time of the 1970 census. Boston's turnover is high in comparison with the Metropolitan Area and higher than it was in 1960.

f. Vacancy and Abandonment

In 1970, almost 15,000 or 6.4 percent of the City's housing units were vacant. In the year 1972 an estimated 900 or 1 percent of the City's residential structures were, from all appearances, abandoned. These were located disproportionately in the Washington Park-Model Cities area and in the western part of Dorchester, and tended to be absentee-owned and triple deckers.

g. Value of the Housing Stock

In the City at large, house values (measured in dollars of constant value) increased by 34 percent between 1960 and 1972. However, these changes were not evenly distributed. Areas undergoing neighborhood upgrading as a result of urban renewal activities - Charlestown, the South End and areas of Central, showed the greatest gains in values as well as rents, and declines in the number of dwellings and total value occurred in the Washington Park-Model Cities area.

4. A Comparison of Market Pressures and the Housing Stock

The population and housing market trends discussed above are closely tied, and it is revealing to relate the two. The loss of middle income families, and the introduction of new demand groups with varying purchasing power - 20 to 24 year olds, blacks, and more recently 25 to 34 year old "young professionals" (often conflicting with long-time resident families and elderly persons) - have affected market strength, housing conditions and

ownership patterns in Boston's various neighborhoods.

While this document deals with housing policy at a city-wide level, the success of different strategies depends upon their relation to the unique combination of market factors in each neighborhood. In this chapter, a first attempt is made to relate these factors as they influence Boston's neighborhoods.) In areas of strong demand, existing market pressures may be exploited to achieve desired objectives, although existing poor residents may be impacted in the process. In other areas, relatively little public assistance may be sufficient to leverage private investment. For areas of weak demand, little improvement for residents or housing stock may be possible without substantial subsidy including forms of assistance which go beyond the range of a housing program and include assistance in such areas as jobs or income.

The primary focus of this housing policy document, then, is to deal in a more general fashion with city-wide strategies. With the general acceptance of these strategies, however, the next step, developing applications responsive to local needs, will be imperative.

III. THE EXISTING STOCK: CONDITIONS, PROBLEMS AND REMEDIES

A. Background

1. Condition Analysis and Direct Fix-up Costs

Most of Boston's housing stock is in good condition: almost one-third can be brought up to code standards at an average fix-up cost of $250 per unit, and an additional 40 percent can be brought into compliance with a per unit input of $750. (See Table 1 and Map 1.) However, for one-fourth of stock, substantial fix-up requiring an average of $2,000 per unit is necessary; four percent requires gut rehabilitation costing at least $8,000 per unit; and one percent of the City's stock should be demolished.

Based upon this distribution, the total cost of 100 percent code compliance is almost $300 million, averaging at $1,250 per unit. A review of the investment climates in all neighborhoods suggests that, under strict code enforcement, market strength is strong enough to induce the fix-up of only 80 percent of the City's units, however, basically those in better condition, at a total cost of $155 million. Were the private market to undertake rehabilitation of the

Table 1

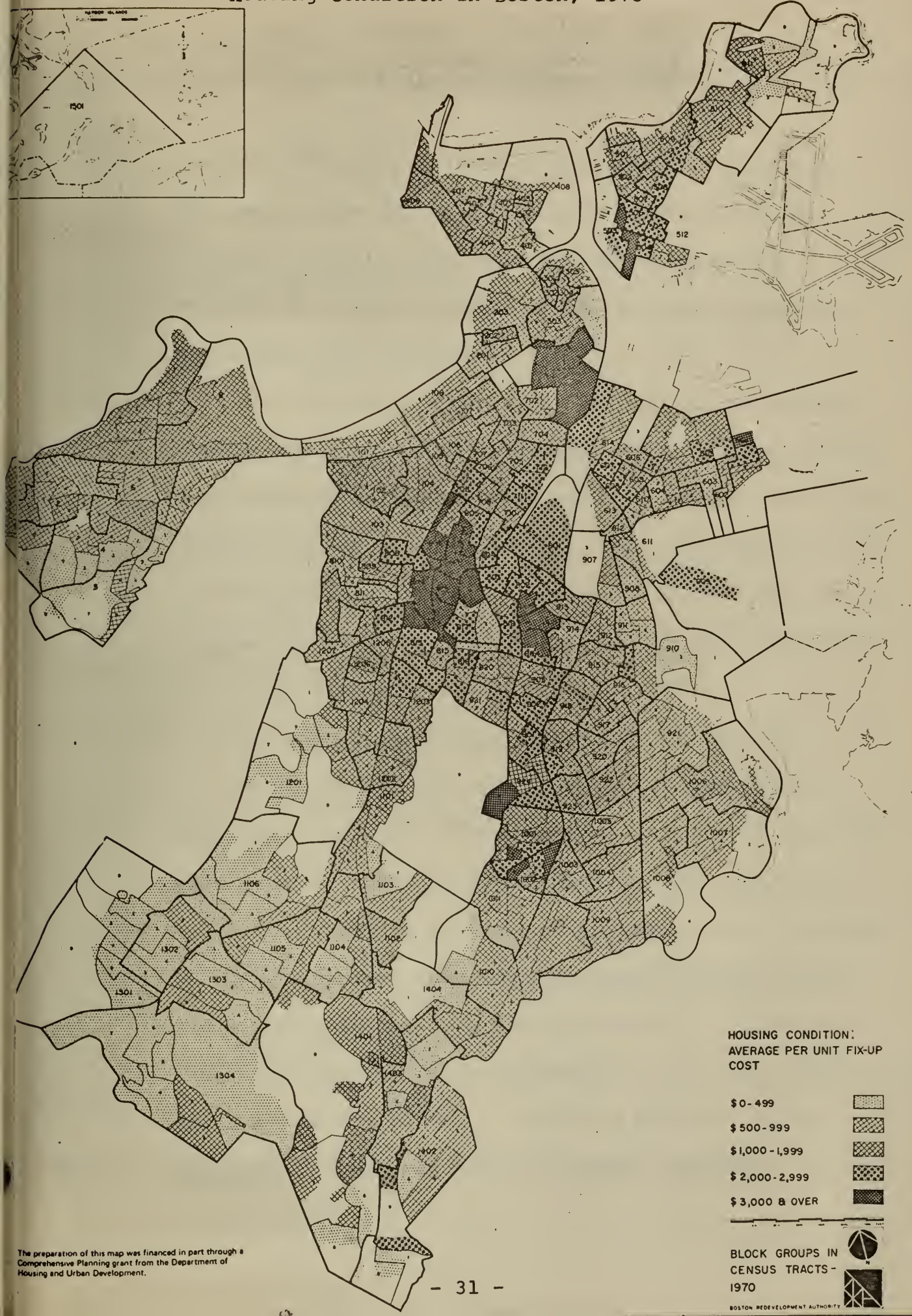
Housing Units, By Condition,[1]
City of Boston, 1973

Planning District	Total Units	A: $250 %	A: $250 #	B: $750 %	B: $750 #	C: $2,000 %	C: $2,000 #	D: $8,000 %	D: $8,000 #	E: Demolition %	E: Demolition #	Per Unit Fix-Up Cost[2]
East Boston	13,575	17	2,276	37	4,996	39	5,358	6	797	-1	148	$ 1,577
Charlestown	5,371	28	1,484	30	1,635	40	2,146	2	94	-	12	1,237
South Boston	14,739	21	3,012	39	5,951	31	4,434	8	1,086	2	256	1,577
West End	1,490	67	998	22	328	10	149	1	15	-	-	613
North End	4,251	36	1,528	35	1,472	20	838	10	413	-	-	1,521
South Cove	959	49	472	31	297	17	162	3	28	-	-	927
Central	1,615	35	570	19	311	22	353	23	372	1	9	2,513
Total	8,315	43	3,568	29	2,408	18	1,502	10	828	-	9	1,482
Back Bay/Beacon Hill	17,178	41	6,973	37	6,408	20	3,374	2	410	-	13	965
South End	10,771	17	1,846	29	3,165	45	4,892	7	731	1	137	1,715
Fenway/Kenmore	13,826	30	4,113	39	5,368	27	3,728	4	559	-	58	1,228
Allston/Brighton	25,319	41	10,491	41	10,353	17	4,256	1	219	-	-	816
Jamaica Plain/Parker Hill	16,227	33	5,377	39	6,371	24	3,858	3	444	1	177	1,072
Washington Park	7,161	29	2,065	35	2,541	24	1,747	11	763	1	45	1,679
Model City	17,209	11	1,970	31	5,291	32	5,498	21	3,604	5	846	2,574
Campus High	842	1	6	9	76	45	381	34	286	11	93	3,692
Total	25,212	16	4,041	31	7,908	30	7,626	19	4,653	4	984	2,357
Dorchester 1	10,470	21	2,217	47	4,879	30	3,133	2	211	-	30	1,162
Dorchester 2	23,140	20	4,579	52	12,010	26	5,951	2	461	1	139	1,112
Mattapan	14,947	22	3,240	50	7,442	20	3,001	7	1,030	2	234	1,380
Total	48,557	21	10,036	50	24,331	25	12,085	4	1,702	1	403	1,207
Roslindale	12,005	49	5,827	44	5,280	7	819	1	77	-	2	639
West Roxbury	11,022	70	7,724	28	3,049	2	249	-	-	-	-	428
Hyde Park	10,738	50	5,384	39	4,152	9	949	2	225	-	28	760
City Totals	232,856	31	72,152	39	91,375	24	55,276	5	11,826	1	2,227	1,253

[1]"Condition" is expressed as an average cost of fix-up to code standards.

[2]This is a weighted average which excludes units in Category E (which should be demolished rather than fixed up.)

Map 1
Housing Condition in Boston, 1973



The preparation of this map was financed in part through a Comprehensive Planning grant from the Department of Housing and Urban Development.

remaining 20 percent, $140 million would be required. To complete the fix-up in the mode of the suspended federal programs, twice that sum in public monies would be necessary, because of the multiple objectives built into these programs.

To stimulate the upgrading of much of the existing housing stock in Boston is an achievable objective. The importance of beginning immediately to reverse even minor negative trends is self-evident. Not only does the rate of deterioration accelerate dramatically, but this extra expense increases the possibility of the need for public input with its further escalation of costs.

2. Principles Underlying Policy Interventions

To the extent that the inability of many housing consumers to pay for decent housing is the most important factor in residential blight, then the most effective solution - found in the housing allowance model outlined by Lowry* - aims at strengthening demand through rental assistance while enforcing code standards. Since this program is unlikely to be available in the near future, policymakers are forced to conduct a holding action seeking the almost impossible balance: keeping

up maintenance while keeping down rents. This strategy must be guided by the following principles.

a. Policy affecting cash flow must be given first consideration if dwelling units are to be preserved and upgraded.

b. Ownership forms that increase the dweller's stake in his environment should be systematically encouraged.

c. Deteriorating structures in residential neighborhoods should be intercepted for immediate fix-up or removal rather than allowed to blight adjoining structures.

d. Resource assistance should promote better tenant-landlord communication, instead of adversary relationships.

e. Public resources should be invested in ways which will stimulate the most investment by the private sector.

f. Housing policy formulation must be a process which involves the participating individuals and agencies.

B. Recommendations

Although implementation is already underway on some of these recommendations, they are interdependent. If implemented individually, the opportunities for significant impact are far less promising.

1. Financing Availability

Financing is a key to maintaining housing. Trends away from neighborhood-based banks towards internationalism and volume in lending have stranded existing owners and discouraged new resident owners. Residential lending needs may require new mechanisms on a state, if not national, scale, but servicing on a retail, local basis remains essential for healthy neighborhoods.

a. The City must put priority on the resolution of the lending "pinch". To this end, a course of action must be formulated to determine how conventional lending institutions, new insuring mechanisms, and alternative lenders can be brought into play to meet the full spectrum of financing requirements in basically sound neighborhoods. They cover the range from mortgage lending to home improvement loans, and would include special regard for new forms of resident ownership and income mixing.

b. In the interim, proposed state legislation for some form of a "Massachusetts Housing Rehabilitation Agency" should be supported by the City, to at least continue focus on the lending "pinch", and perhaps restore home improvement lending.

c. Pressure must be maintained on the federal and state governments to develop a replacement for the federally assisted code enforcement program. The necessary components include technical assistance, credit, and subsidies in hardship cases, to assure complete code compliance.

d. The pilot development of Neighborhood Housing Services (NHS) deserves support**as an interim measure, because it may aid in formulating the most effective strategies for resolving the lending pinch.

2. Coordination of Code Enforcement for Neighborhood Improvement

Code enforcement is still one of the most effective tools in preventing neighborhood blight, particularly when coupled with financing and technical assistance. It alone can prevent individually neglected structures that otherwise blight adjoining properties and discourage owners from further maintenance. But code enforcement should emphasize its services aspect, rather than its punitive role.

a. A pragmatic and operational set of code standards should be identified which the majority of buildings in a given neighborhood can meet.

b. A city-wide turnover type of systematic code enforcement strategy should be considered, to be administered prior to purchase, with the results of each inspection being tabulated in the form of a synopsis of remedial work necessary.

c. A rent escrow law should be enacted to apply to any dwelling with certified impaired habitability, and existing housing legislation modified to incorporate the principle of rent accountability.

d. Technical assistance, as started under the Mayor's Housing Improvement Program, should continue to be available to all willing owners.

e. On a pilot basis, where lack of resources prevent city-wide adoption, demonstration areas for special code enforcement efforts should be identified. This would include both areas where enforcement is geared to tenant turnover (and, if feasible, coupled with licensing or utility shut-offs) to regulate abuses in structures with large transient populations, as well as areas where special assistance like financing

and technical assistance is coupled with code enforcement to achieve fix-up. In such fix-up areas, public improvements should be scheduled so that they precede code enforcement.

f. For rehabilitation and demolition of abandoned buildings, an entity functioning as a "warehouse" should be able to take such structures, decide whether demolition or fix-up is required, and arrange for property disposition.

3. Tax Policy

Boston is unusually dependent upon the property tax. Seventy percent of its revenues come from it. Housing conditions are very sensitive to these taxes, since they often amount to one third of gross rent. But the power to tax is not only the power to destroy; used constructively, it is also an important potential subsidy.

a. The pressure must be taken from the real estate tax as the primary tax support for the City of Boston. A variety of programs such as the graduated income tax, the Mayor's recently filed legislation to have the state support abatements which it mandates, new forms of taxes, etc. could help.

b. In realization that revaluation may soon come, passage of a constitutional amendment allowing different valuation by property classes deserves priority.

c. Tax policy for condominiums requires continued evaluation. The practice to assess at 26 percent of sale price should be clarified and monitored. Further, no reassessment should be made until the condominium unit is sold to the new owner.

d. The tax credit program for fix-up of code violations on owner-occupied one to three unit structures, started on a pilot basis in Allston, should be monitored carefully so as to achieve the desired impact.

e. The impact of higher reassessment should be phased in gradually for those improvements which fall between fix-up to code and gut rehabilitation.

f. Back taxes should be substantially decreased or forgiven to new owners in a case-to-case basis to make rehabilitation work economically feasible.

g. Within residential housing, the city should continue to push toward a goal of equalized assessment-market value ratios.

4. Rent Control

Attempts to regulate rents in Boston began in 1969, and debate persists around efforts to steer a middle course between allowing exploitation by owners and subsidizing of tenants. The middle course has no constituency behind it, drawing the wrath of both sides. With many more affected tenants than owners, it is politically all too easy to favor tenants at the expense of the future of the housing stock.

a. Appraisal is needed of the extent to which the administration of rent control discourages housing investment, both in new development as well as in maintenance.

b. A formula for systematically passing on general "inflationary" maintenance and operating cost increases should be developed.

c. For improvements which bring a dwelling up to code standards, rent increases should be allowed that permit recovery of the cost of capital improvements over a specified period of time.

d. The current policy to decontrol when major rehabilitation occurs should be evaluated to see if it is encouraging such substantial improvements.

e. A policy to allow for the conversion of rental units to condominiums which takes into consideration the needs of current tenants should be developed.

f. Luxury rental housing units should be decontrolled.

5. Internal Administrative Organization

Improved coordination and communication among the many city agencies is essential to maintaining and improving the City's existing stock. One possible way to achieve this is through the designation of a high-level coordinator of housing policy and services to establish responsibility for the various City housing functions and establish accountability within the agencies designated to carry out those responsibilities.

a. There have been a number of reorganization proposals. The most appropriate should be selected and the various inspection services departments should be reorganized into a cohesive and coordinated delivery system.

b. A housing information sharing system is essential to act as the operational file with structure based information related to assessments, rents, and building occupancy and condition.

IV. HOUSING NEEDS OF LOW AND MODERATE INCOME FAMILIES, AND RELATED STRATEGIES

The escalation of housing costs is placing decent housing beyond the reach of a portion of Boston's population. Few of the current programs to house low income people are working as originally hoped, and the possibility of meeting the housing needs of Boston's low and moderate income population is further frustrated by the low ranking of housing among national priorities. On the other hand, the number of poor people in the City has been declining.

A. Background

Twelve percent of Boston's families had incomes which left them below the poverty level in 1969, a situation twice as severe among Boston's black and Spanish-speaking minorities. Excluding the elderly, there are about 41,000 rental households with incomes which fall within the limits of public housing, and 30,000 rental households which fall within the moderate income limits of Section 236 housing. (Not all of these people have unmet housing needs, though.) An estimated 5,000 homeowners also belong to these income groups.

The key problem faced by low and moderate income households is rather obvious: lack of adequate income. Because housing costs are relatively fixed and people have limited choice regarding housing, lower income families are forced to spend much of their limited incomes largely on rent/income ratios which exceed 35 percent. (Even with an optimal distribution of existing rental units according to the size of the City's households, more than 21,000 non-elderly renters would not be able to fund units priced with 35 percent of their reported incomes, and would require an average monthly subsidy of $92 to do so.)

Despite high rent/income ratios, low and moderate income households are more likely than their upper income counterparts to be living in units which are below city code standards, and the average cost of upgrading the housing of this group is estimated at $2,000 per unit. Residential choice for this group is limited by the location of low cost units, which often depends upon public decisions concerning the placement of publicly assisted projects; and by a lack of opportunities for homeownerships.

For some minorities, these problems of lower income are compounded by discrimination. Blacks in Boston have fewer housing alternatives, and appear to be living in worse conditions and getting less for their rental dollar than lower income white families.

Current modes of responding to the housing problems of low and moderate income population have depended heavily on new construction. Boston has 13,800 units of public housing constructed for families, and another 2,700 units leased by the Boston Housing Authority from private owners, a good proportion of which are in new, subsidized developments. (Approximately 4,200 of these conventionally constructed units and 740 of these leased units are occupied by elderly households.) The construction of conventional projects has in many cases been a well-intentioned but inappropriate response, particularly because of the resulting concentration of large families. The leasing of units in the private stock is a less expensive alternative which may simultaneously contribute to the upkeep of the existing stock.

By the time current construction is completed, there will be almost 15,000 units which have been assisted through federal mortgage interest subsidies, 40 percent

of which will be in rehabilitated projects. The subsidized developments in Boston have been financial problems, though, and despite substantial program costs, rents are still high for low and moderate income households, often exceeding those in the existing housing stock; housing conditions in some projects are deteriorating, reflecting poor construction and the underestimation of operating costs; and no income or racial dispersion has been achieved.

The Section 312 and 115 programs of low interest loans and grants for housing improvements have successfully improved the conditions of households residing in federally-assisted code enforcement areas. Unfortunately, these are inadequate where the housing stock is in very bad condition or where incomes are very low.

B. Recommendations

Strategies for the low and moderate income population must stress equity in the distribution of benefits; the autonomy of the individual household in the market place; and the dispersion of the poor on the scale of

the metropolitan region; as well as consistency with other City housing goals, namely, preservation and limited renewal. Strategies relying principally upon use of the existing stock rather than new construction come closest to meeting these criteria within the constraints of current or expected resource allocations.

1. Strong support should be given to federal programs which directly aid low income families with housing needs, but couple assistance with code enforcement. A federal housing allowance program has been proposed nationally and is a possible future solution. For the present, the Boston Housing Authority should be encouraged to apply for any leased housing funds available under Section 23 and to administer them in a manner which, as far as statute allows, resembles a housing allowance program.

2. Strategies to aid the upgrading of existing housing discussed in Chapter III which help the lower income owner, or the supplier of low cost units, to maintain or upgrade are important. These include the encouragement of lending institutions to provide mortgage and home improvement loans, the provision of technical assistance, and the realistic administration of housing code standards which relate to both the tenants' and owners' ability to pay for repairs.

3. Since subsidized housing construction has proven to be unsuccessful as a means of providing low income housing, new subsidized development should be built only as a component in a strategy aimed at neighborhood revitalization, where its effect would be to replace demolished housing, restore market confidence, encourage income mixing, and leverage private investment. In such cases, buildings should be reasonable in size, and income mixing whould be encouraged on the neighborhood scale, as well as within the structure. MHFA's participation in such development should be maintained through additional state aid, of necessary. With these criteria clearly in mind, a target of building 6,000 units of low and moderate income housing has been set.

4. Efforts to open suburban housing to Boston's ethnic and low income populations should be supported

V. HOUSING FOR THE ELDERLY

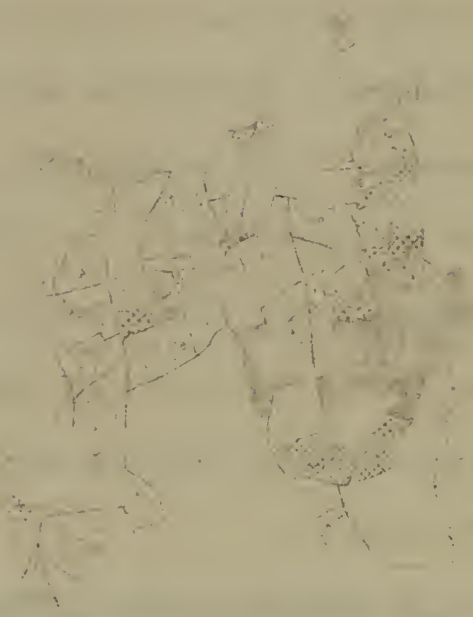
A. Background

The elderly, most of whom depend upon small fixed incomes are treated separately from the bulk of the low and moderate income population. They are a sizable group with special needs, whose resolution represents special opportunities for the City.

The elderly comprise a significant proportion of the City's population, a proportion which increased over the past two decades. Only modest additional growth is foreseen for the next ten years. In 1970, 81,718 persons, or 12.7 percent of the City's population was 65 years or older, up from 8.6 percent in 1950. Further, concentrations of elderly citizens are found throughout the City (See Map 2).

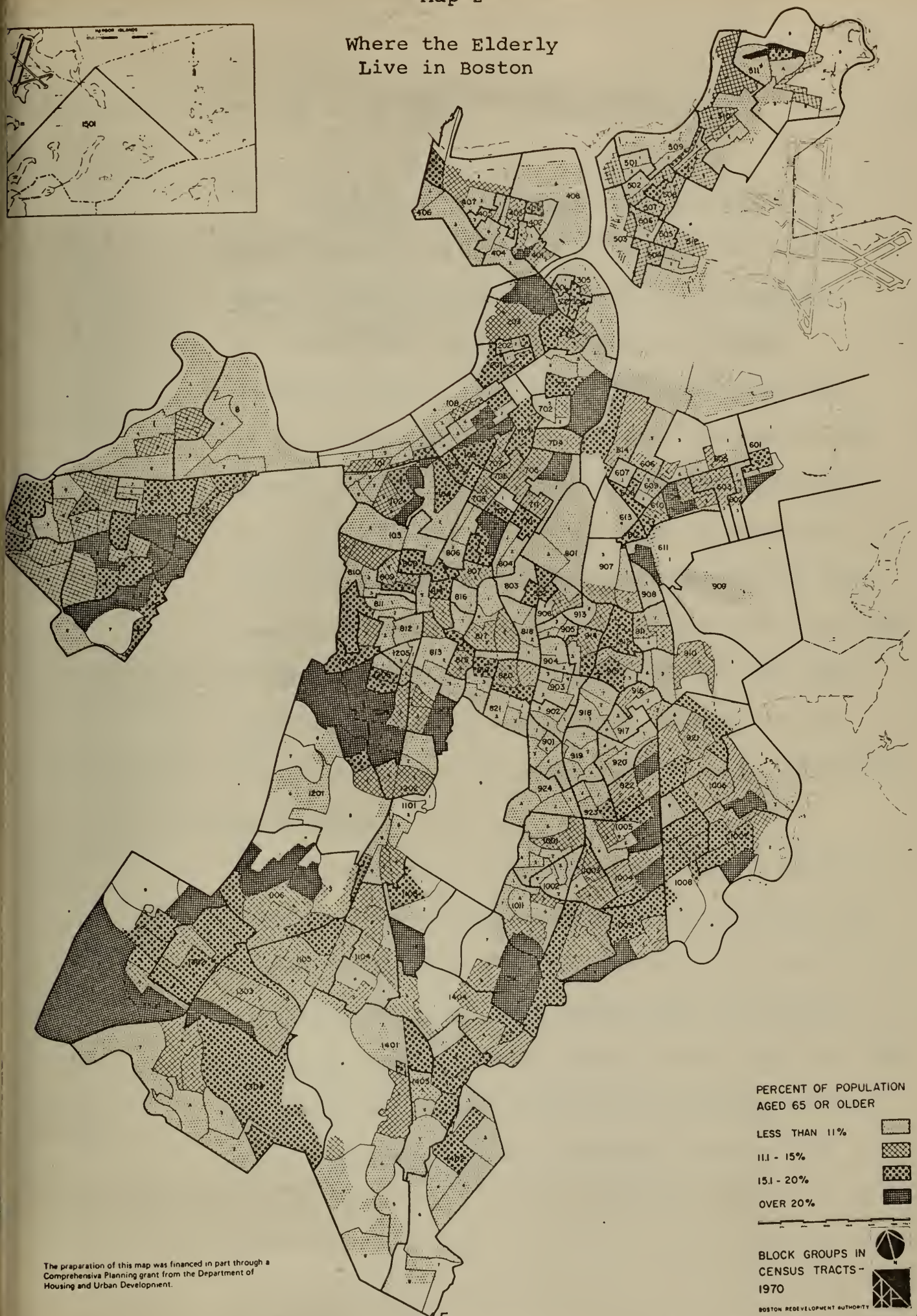
1. Housing Problems Faced by the Elderly

While the problems which face the elderly in securing housing are physical and psychological, as well as economic, insufficient income is a critical problem. One out of every five elderly persons in Boston had an income in 1969 below the poverty level, and many others depend upon social security payments or minimal pensions.



Map 2

Where the Elderly Live in Boston



The preparation of this map was financed in part through a Comprehensive Planning grant from the Department of Housing and Urban Development.

One-quarter of all renting households in the City are headed by an elderly person, and in many areas of the City these households are competing for units with inmigrating students or young working persons. Despite the fact that many live in substandard conditions, at lease one-half of all elderly renters (almost all of whom had 1969 incomes below $5,000) spend more than 35 percent of their incomes on rent. (In fact, even with an optimal distribution of the City's rental units according to each household's need and ability to pay, there would be a residual 7,500 elderly households who would not find suitable units within their respective price range.)

Approximately one-third of all elderly households are resident-owners, and persons 62 years of age or older owned 28 percent of all 1 to 4 unit structures in 1970. Many owners have low incomes: the median 1969 income of elderly owners was less than 60 percent the median income of non-elderly owners. Thus, curtailed economic resources coincide with

decreasing physical capabilities, making home maintenance and repair extremely difficult. Yet, selling and moving is an exhausting and frightening experience.

While many elderly live lonely isolated existences at the very time when economic, physical and psychological dependence upon others is greatest, the alternate choice is too often total dependency which may be equally undesirable. This is the situation for more than 8,000 elderly individuals living in institutions in 1970, and may be the case for many of the 10,000 individuals living in the homes of relatives.

A target group of households which would benefit from housing assistance has been identified, and it includes renters, owners and dependents. It ranges between 13,000 and 37,000 households, depending upon the threshold accepted in defining housing "needs".

2. Impact on the City's Tax Base and Housing Stock

Not only do the problems of aging directly affect individuals and their families, but they have indirect consequences for the City as a whole. State-mandated property tax abatements - $1.7 million in 1972 and expected to rise - represent a direct cost to the City in foregone taxes. The underutilization of large units by elderly living alone is a sub-optimal solution situation in a tight housing market. And undermaintenance by elderly homeowners poses a special threat to neighborhood health in those areas in which elderly homeownership is widespread.

B. Recommendations

A range of alternatives are needed which acknowledges that the physical and psychological needs of the elderly vary; which gives the elderly the opportunity to improve their housing situation within their own neighborhoods wherever possible; and which encourages the filtration of elderly from larger units and from unsatisfactory ownership situations. The following alternatives are recommended:

1. The emphasis for elderly housing assistance should be placed on new construction, with the incorporation of amenities and services to meet the special physical and social needs of the elderly. When construction is concluded, there will be over 2,800 public housing units and 1,400 subsidized housing units in buildings built primarily for the elderly. Targets of 8,000 public housing units, and 2,000 subsidized housing units are proposed for the next decade, and the participation of MHFA in subsidized production is urged. In addition, developers are encouraged to test the elderly market for condominiums.

2. Experimentation in new uses for the existing housing stock is important both to reduce the necessity of public subsidy, and to provide greater choice of residential environment. Zoning variances should be used to encourage the creation of "mother-in-law" apartments by splitting large, owner-occupied units into moderate and small units; and variances to building and housing codes should be used to encourage the conversion of small hotels or large houses into community housing facilities.

3. Since the housing allowance system, if implemented, may well start with the elderly, current housing allowance experiments should be watched closely to assess their success in dealing with the special housing problems faced by the elderly, as well as encouraging filtration.

4. Housing-related services are needed, both for those owners who wish to remain in their homes - assistance in upgrading - and for those who would like to move - home transfer assistance. The goal of the latter is to encourage currently "overhoused" owners to move to new or converted units.

VI. THE MIDDLE AND UPPER INCOME GROUP: THE POTENTIAL FOR CORE AREA RESIDENTIAL DEVELOPMENT

The demographic and economic changes of the past decade contribute to a promising potential demand for middle and upper income housing. This potential is especially apparent in Boston's core area where, if met, it could help Boston attain a more balanced mixture of income groups, while making the downtown a more vital place for all who use its services and facilities.

A. Background

The decrease in core area population in the sixties due to urban renewal activities has been reversed, and substantial increases in persons over 20 years of age have been noted in the first two years of the seventies. The core has also become the focus of developer interest, and while only 20 percent of all of Boston's non-subsidized construction of the sixties occurred in the core, almost two-thirds of all such construction since 1970 has occurred in the core. The total number of units completed or under construction in the core area, including subsidized units, already exceeds the construction of the sixties. Complementing new construction, there is a growing interest in the

conversion of older commercial, retail or warehouse buildings to residential usage; and, in addition, there has been a modest, though apparently beneficial, trend in the conversion of existing rental units to condominiums.

The households attracted to new downtown high-rise construction are small - over 90 percent contain one or two persons; childless - only 3 percent have minor children; of high income, with a median of $18,400; and representative of the City's age structure with the exception of an enlarged 25 to 34 year old group. Half have moved to their units from outside the City of Boston, and most indicated convenience to employment as the reason for their choice. Interestingly, twenty-five percent are reverse commuters. Compared to new high-rise dwellers, residents of newly converted condominiums are somewhat older - reflecting a large 45 to 64 year old "empty-nested" group; have higher median incomes - around $25,000; and have slightly larger households, reflecting a higher proportion with children - 9 percent.

The potential market for new, core area residential development is strong. The overall vacancy rate in recently built, middle and upper income apartment buildings in the Downtown was 2.8 percent in the winter of 1973. Based upon projections of annual net increases of 1.4 million square feet and 6,000 jobs, and the projected growth in the number of middle and upper income households, a potential demand in the Downtown for 12,000 to 25,000 new units is foreseen for the next decade.

Further, there is strong developer interest to complement this potential market, and according to a recent BRA survey, the construction of 15,000 additional units in the core area of Boston is currently under consideration. (See Table 2.) Of these, some 12,500 are still in the tentative stages of consideration, though, and some of these plans may well be discouraged, at least temporarily, by the fear of rent control, the currently difficult credit situation, and the demands of environmental impact analysis. In fact, much of the potential demand may not be met unless an active role is taken by the City to facilitate the development process.

Table 2

HOUSING IN BOSTON: DWELLINGS COMPLETED 1960-72, AS WELL AS THOSE UNDERWAY, PLANNED AND PROPOSED

NUMBER OF DWELLING UNITS BY COMPLETION YEAR AND BY FINANCING

DATE- 73/04/26 PLANNING DISTRICT- ALL ( )

YEAR	FINANCING: PUBLIC HOUSING	SUBSIDIZED MODERATE INCOME	ALL SUBSIDIZED	NON-SUBSIDIZED FHA	PRIVATE	ALL PRIVATE	TOTAL PRIVATE AND SUB
1960					245	245	245
1961		108	108	481	308	789	897
1962	560	257	817		616	616	1433
1963	82	120	202		914	914	1116
1964		82	82	466	1536	2002	2084
1965		388	388	287	3350	3637	4025
1966	64		64	687	1688	2375	2439
1967		2284	2284	558	1325	1883	4167
1968	186	274	460		1706	1706	2166
1969	288	497	785	444	545	989	1774
TOTAL (1960-1969)	1180	4010	5190	2923	12233	15156	20346
1970	168	1103	1271		827	827	2098
1971		865	865	624	29	653	1518
1972	204	1344	1548				1548
UNDER CONSTRUCTION	1168	2672	3840	1030	1090	2120	5960
TOTAL 1970 TO PRESENT	1540	5984	7524	1654	1946	3600	11124
PLANNED	105	299	404		1855	1855	2259
PROPOSED	173	3720	3893	300	1313	1613	5506
TENTATIVE	293	5039	5332	312	15746	16058	21390
PLAN-PROP-TENT TOTAL	571	9058	9629	612	18914	19526	29155

The potential market and development interest are both strong, but before reaching a target regarding new construction for middle and upper income housing in the core, or throughout the City, there is a broader issue besides the question of potential demand that must be addressed: what is the optimum level of development within the City? Naturally, this is a complex issue, and there is probably no one absolute answer. As a first step, though, a Downtown Plan is currently being prepared by the BRA which outlines a growth program for the Downtown. The core area of the City has been divided into three types of areas: (1) growth areas, where guided development and growth will be encouraged; (2) control areas, where the basic theme is to support existing physical and social patterns through conservation; and (3) special districts, where a specific urban renewal project is underway or special zoning ordinances already apply. Housing is viewed as one of the important elements of this growth program in order to add to the vitality of the City, to make Boston not only a place

to work, but a place to live, and to obtain a more balanced mix of income in the City. Within this context, a preliminary target range for construction in the "growth areas" of the City, consonant with the development pressure that exists, 15,000-25,000 new units to be built over the next ten years, is appropriate. Efforts to further refine this target in terms of projections of population, income distribution, and overall costs and benefits of new development to the City are currently underway.

B. Recommendations

1. Middle and upper income housing in the core area should be encouraged, and a target of 15,000 to 25,000 new units to be built over the next ten years, as a part of the growth program for the City is proposed.

2. Zoning should be utilized to achieve City objectives, not merely to prevent undesirable growth. In particular, the zoning for the Downtown should be revised in keeping with the growth program discussed above, utilizing incentives in the growth districts and appropriate constraints in the control or conservation areas.

3. New condominium construction, as well as the conversion of existing units should be encouraged.

4. New and recently completed luxury housing should be exempted from rent control.

Footnotes

* Ira S. Lowry, "Housing Assistance for Low-Income Urban Families: A Fresh Approach", a paper submitted to U.S. House of Representatives Committee on Banking and Currency, June 1971, 92nd Congress, 1st session (Sub-committee on Housing Policy).

Lowry's proposal ties rental assistance to code enforcement - monthly rent certificates which would cover the difference between the costs of standard housing and each household's ability to pay could be used only on housing validated as "standard".

** This concept, now being implemented in several cities, originated with Pittsburgh's Neighborhood Housing Services, Inc., which administers both "bankable" and high risk loans to homeowners to bring homes up to code standards, provides counselling services with regard to housing rehabilitation and financing, assistance in negotiations with contractors, and rehabilitation work inspection.